

Message Text

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70

ACTION EB-11

INFO OCT-01 ARA-16 ISO-00 AGR-20 CIAE-00 COME-00 INR-10

LAB-06 NSAE-00 RSC-01 SPC-03 STR-08 TRSE-00 CIEP-02

OMB-01 SIL-01 PA-03 PRS-01 OPIC-12 XMB-07 USIA-15

SS-15 NSC-10 H-03 DRC-01 /147 W
----- 127703

R 182026Z SEP 73

FM AMEMBASSY LA PAZ

TO SECSTATE WASHDC 980

C O N F I D E N T I A L LA PAZ 5698

E.O. 11652: GDS

TAGS: EFIN, EAGR, EDIS, ETRD, BL

SUBJ: COTTON CONTRACTS

REFS: (A) LA PAZ 5603; (B) BREWIN/BINNS TELECON SEPT 17.

1. CHARGE AND ADCM CALLED UPON MINISTER SECRETARY GENERAL OF THE PRESIDENCY (VALLE), WHO NEW IN HIS JOB FOLLOWING RECENT CABINET SHUFFLE, EVENING SEPTEMBER 17 TO PRESENT USG POSITION ON COTTON CONTRACTS. CHARGE STATED THAT ALTHOUGH EMBASSY HAD ALREADY CONVEYED ITS VIEW ON THIS MATTER TO FOREIGN MINISTRY IN NOTE OF AUGUST 24, WE HAD HAD NO RESPONSE FROM GOB AS TO WHAT WAS CONTEMPLATED TO RESOLVE THE PROBLEM. CHARGE SAID INTER ALIA THAT RETROACTIVE EFFECT OF GOB SUPREME DECREE OF AUGUST 4 VIOLATED ALL COMMERCIAL NORMS AND THAT USG POSITION COULD ONLY BE THAT CONTRACTS ENTERED INTO IN JANUARY 1973 BETWEEN US BROKERS AND BOLIVIAN PRODUCERS MUST BE RESPECTED. EMBOFFS OBSERVED THAT IT WOULD SEEM TO BE FAIRLY EASY MATTER MERELY TO AMEND AUGUST 4 DECREE AND MAKE LATTER NON-RETROACTIVE.

2. VALLE SAID THAT AIDE MEMOIRE WHICH HE WAS GIVEN (POUCHING COPY TO ARA/BC) WAS PERFECTLY CLEAR AND HE UNDERSTOOD WHAT WAS AT ISSUE. HE NOTED THAT HE WAS NEW IN OFFICE BUT THAT
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HE WOULD CONSULT WITH HIS MINISTERIAL COLLEAGUES IN FINANCE

AND COMMERCE AND INDUSTRY. CHARGE AT THIS POINT SAID THAT MATTER WAS CLEARLY AN ISSUE BETWEEN OUR TWO GOVERNMENTS AND ASKED THAT OUR REPRESENTATIONS BE BROUGHT TO ATTENTION OF PRESIDENT BANZER. CHARGE STATED ALSO THAT UNLESS MATTER RESOLVED, IT WOULD BE AN IRRITANT DURING UPCOMING VISIT AND WOULD CERTAINLY BE ON OUR AGENDA OF ITEMS TO DISCUSS DURING VISIT. VALLE SAID HE WOULD INFORM PRESIDENT BANZER.

3. EMBOFFS SEEING HECTOR ORMACHEA TODAY FOR ANOTHER TALK ON DETAILS BANZER VISIT (LA PAZ 5635) AND WE WILL MAKE CERTAIN THAT ORMACHEA, AS PERSONAL AIDE TO BANZER AND TRANSLATOR DURING VISIT, FULLY COMPREHENDS THE IMPORTANCE WE GIVE THIS MATTER.
BREWIN

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NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 18 SEP 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973LAPAZ05698
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS BREWIN
Errors: N/A
Film Number: n/a
From: LA PAZ
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730928/aaaaauej.tel
Line Count: 75
Locator: TEXT ON-LINE
Office: ACTION EB
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: (A) LA PAZ 5603; (B) BREWIN/BINNS TE, LECON SEPT 17.
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 16 JAN 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <16-Jan-2002 by martinjw>; APPROVED <05-Feb-2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: COTTON CONTRACTS
TAGS: EFIN, EAGR, ETRD, BL
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005